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**Speech delivered at the 36th Ordinary Session of the Association of
African Central Banks Governors**

by

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**Mr. Charles Chuka, Governor of the Reserve Bank of Malawi and
Chairperson of the Association of African Central Banks (AACB)**

**Mr. Mohammed Laksaci, Governor of the Banque d'Algerie and Vice-
Chairperson of the AACB**

Honourable Governors and Deputy Governors

The Secretary General of the Arab Maghreb Union

Mr. Samuel Meango, Executive Secretary of the AACB

Representatives of Regional and International Organizations

Distinguished Guests, Ladies and Gentlemen

It is a great honour and privilege for me, once again, to participate at this 36th Ordinary Session of the Association of African Central Banks' Governors taking place in this beautiful and historical city of Algiers in Algeria. The participation of the African Union Commission (AUC) at this meeting is clear testimony of the excellent relations that exist between our premier continental institution and your Association of African Central Banks' Governors (AACB). In this regard, please allow me to express sincere thanks and profound gratitude to you, Honourable Governors, for the excellent collaboration that exists between the AUC and the AACB.

Please allow me also to thank H. E. Abdelaziz Bouteflika, President of the People's Democratic Republic of Algeria, his Government and the People of this beautiful country for the warm and fraternal welcome accorded to us. I acknowledge the commendable role played by Mr. Mohammed Laksaci, Governor of the Banque d'Algerie, and his hard-working and dedicated

staff, for the excellent arrangements made for our effective participation at this meeting.

Honourable Governors, Distinguished Guests

It is pleasing to note that among the items for consideration at this meeting is the draft Joint Strategy on the establishment of the African Central Bank, prepared by our Joint Study Group, based in Abuja, Nigeria, the future headquarters of the African Central Bank. At the out-set, therefore, on behalf of the Chairperson of the African Union Commission, H.E. Dr. Jean Ping, and indeed on my own behalf, I would like to commend each and everyone of you, Honourable Governors; the Joint AUC/AACB Committee that we established in August 2007 in Tripoli, Libya, and its Technical Committee; and members of the Study Group for the efforts deployed to meet the timelines we set for ourselves.

These efforts show that we are on track in meeting our goals, as agreed upon during the first meeting of the Joint AUC/AACB Committee held in Addis Ababa, Ethiopia, in November 2007. I note with satisfaction that considerable progress has been made since that date. We need, therefore, to congratulate ourselves for having finally been able to have the draft Joint AUC/AACB Strategy, which has, among others, identified the main issues to be addressed towards the establishment of the African Central Bank and the African common currency.

Addressing the issues identified calls upon each one of us to continue to work together. It also calls upon other stakeholders, including Regional Economic Communities (RECs), to play their rightful roles. In this regard, I welcome and commend the participation of the AMU, one of the eight

RECs recognized by the African Union, at this meeting. I do agree with the step by step approach proposed in the draft Joint AUC/AACB Strategy, as well as the main pre-requisites identified in the Strategy, namely, establishment of a Continental Free Trade Area, Custom Union and Common Market. I also do agree that there are necessary macro-economic convergence criteria to be met.

However, I would like us to be realistic on this particular point, as it may not be practical to call for all Member States to fulfil all these criteria before moving forward. There is need to learn from the lessons experienced by the RECs, to identify a critical set of criteria, and to agree that these criteria could be revised throughout the process of establishing the ACB. Of course, I am aware that a lot of technical work in this field is yet to be done. Nonetheless, I remain convinced that this meeting will agree on the best way forward, taking into account the issues raised and recommendations made in the Strategy, but also the need to accelerate the implementation of Africa's integration agenda.

At this juncture, I wish to thank and commend the Government of the Federal Republic of Nigeria through the Governor of the Central Bank of Nigeria, Mallam Sanusi Lamido Sanusi, for the financial, technical and material support given to the African Union Commission, and indeed the Study Group. I also wish to take this opportunity to thank the African central banks that seconded their experts to the Study Group and the AACB Secretariat for having worked tirelessly with the African Union Commission in this endeavour.

Honourable Governors, Distinguished Ladies and Gentlemen

In implementing Article 19 of the Constitutive Act of the African Union, some progress has also been made towards the establishment of the other pan-African financial institutions, namely, the African Investment Bank (AIB) and the African Monetary Fund (AMF). But in addition, we also have made some progress towards undertaking feasibility studies on the establishment of a pan-African Stock Exchange (PASE).

Regarding the African Investment Bank, whose headquarters will be in Tripoli, Libya, you may be pleased to note that the legal instruments of the said Bank, namely, the Protocol and Statutes have been adopted by the Heads of State and Government of the African Union (AU). They have since been made available to AU Member States for signature and ratification. To date, more than twenty (20) countries have signed the Protocol, whereas two (2) have ratified it. At least fifteen (15) ratifications are required for the Protocol to go into force.

As for the African Monetary Fund, the Protocol relating to its establishment has also been adopted by the Heads of State and Government. On the other hand, its Statutes are yet to be adopted. These, however, have been considered by AU Ministers of Economy and Finance and will, in two weeks, be examined by a Committee of Independent Experts, in line with the recommendations of the Ministers, in Yaounde, Cameroon, the headquarters of the Fund.

Concerning PASE, the Study for its establishment will be reviewed by Independent Experts in Johannesburg, South Africa, in October this year.

Honourable Governors, Distinguished Guests

At the Symposium of the 36th Ordinary Session of the Association of African Central Banks on the theme “Challenges of Commodity Prices and Capital Flow Volatility to African Central Banks” held only yesterday here in Algiers, it was evident that we will need to accelerate the pace of integration, among others, in order to be able to adequately address some of the challenges we face owing to commodity prices and capital flow volatility in Africa. For instance, you emphasized on the necessity of policy coordination not only at the national level, but also at the regional and continental levels. In addition, you highlighted the relevance of collective action, including putting in place an institutional mechanism. You may recall that this is also what has been done within the G20 through the G20 Framework for Strong, Balanced and Sustainable Growth.

I wish to assure you, Honourable Governors, that the African Union Commission, in line with its mandate, will continue to pursue efforts aimed at accelerating Africa’s integration agenda, working closely with the Member States, the Regional Economic Communities and other stakeholders. It is our sincere hope, therefore, that we can also count on the support of the Governors of African central banks. In this regard, you may wish to note the decision of the AU Policy Organs to establish Specialized Technical Committees (STCs), in line with the AU Constitutive Act, at the earliest opportunity, to replace the current sectoral Ministerial Meetings. One of these STCs is expected to comprise Ministers of Economy and Finance and Central Bank Governors. We believe the creation of this STC will provide you, Governors of African central banks, with the opportunity to better contribute to the building of our Union,

including through improved policy co-ordination and harmonization at the regional and continental levels.

In addition, you discussed the importance of having quality, reliable and timely statistical data. In relation to this concern, you may wish to note that the African Union Commission is working very closely with the United Nations Economic Commission for Africa and the African Development Bank in developing statistical capacity in Africa. Thus, an African Charter on Statistics and its accompanying Strategy for the Harmonization of Statistics in Africa (SHaSA) have been prepared and adopted by the African Union Policy Organs. But for the Charter to go into force, it needs to be ratified by the African Union Member States, just like any other AU legal instruments. So far, more than twenty (20) countries have signed the Charter, whereas around eight (8) have ratified it.

One challenge that we face in implementing Africa's integration agenda, however, relates to delays by AU Member States in signing and ratifying the various related legal instruments. In this regard, I wish to call upon you all to assist the African Union Commission in advocating for the signature and ratification of these legal instruments, particularly the Protocol on the establishment of the African Investment Bank and the African Charter on Statistics, in your countries.

Honourable Governors, Distinguished Ladies and Gentlemen

In conclusion, I wish to inform you that this will probably be the last meeting that I will be attending with you in my capacity as Commissioner for Economic Affairs of the African Union, having completed my two four (4) year terms of office. In this regard, allow me to thank you all for the

excellent collaboration that existed between us. I leave satisfied with what we managed to achieve together, particularly on our joint work leading to the establishment of the African Central Bank. I wish you all well in your undertakings and look forward to meeting with you again.

With these remarks, I wish the 36th Ordinary Session of the Association of African Central Banks successful deliberations and I thank you all for your kind attention.